Regional Rural Banks are free to determine their lending rates. Cooperative Banks are also free to determine their lending rates subject to a minimum of 12.0%.

The level of agricultural production depends, inter-alia, on the climatic conditions, preferred cropping pattern, expectation of prices, and use of inputs including credit. Variations in agricultural output cannot, therefore, be solely explained in terms of variations in the use of credit.

The resources of the banking system for lending to agriculture, appropriately augmented by refinance from National Bank for Agriculture and Rural Development (NABARD), are considered adequate to meet the effective demand of credit from the agricultural sector.

NABARD has reported that the ground level credit flow to agricultural sector has shown a steady growth. From the level of Rs. 11,202 crores in 1991-92, the ground level credit flow under agricultural sector has reached Rs. 16,949 crores at the end of 1993-94. The estimated ground level credit flow to agricultural sector during 1994-95 and 1995-96 is Rs. 21,424 crores and Rs. 24,849 crores respectively (Revised Estimates). The ground level credit for agricultural sector during 1996-97 is projected to be Rs. 28,817 crores.

In order to give a greater focus to agricultural lending by public sector banks (PSBs), they have been asked to draw up Special Agricultural Credit Plans (SACPs) by the RBI. The disbursements of public sector banks under SACPs were Rs. 8,255 crores and Rs. 10,172 crores respectively for the years 1994-95 and 1995-96.

While reviewing the performance of banks under 1995-96, the Goverment urged the Chief Executives of PSBs to show a growth of a minimum of 25% in their disbursements to agriculture under SACPs 1996-97 over those of 1995-96.

Setting up of Private Banks

1258. SHRI G. VENKAT SWAMY :
SHRI SHANTILAL PARSOTAMDAS PATEL :

Will the Minister of FINANCE be pleased to state :

(a) the criteria adopted for grant of the licence for the setting up of Private Banks and the details of such licences issued during each of the last three years and in the current year so far, State-wise;

(b) whether the Government have also issued licences to some private banks through these were figured in the list of defaulters; and

(c) if so, the details thereof and the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Reserve Bank of India (RBI) issued guidelines on entry of private sector banks in January 1993. While permitting the entry of new private banks as per guidelines on merit, the following considerations are required to be kept in mind : (i) they subserve the underlying goals of financial sector refoms which are to provide competitive, efficient and low cost financial intermediation services for the society at large; (ii) they are financially viable; (iii) they should result in upgradation of technology in the banking sector; (iv) they avoid the shortcomings such as unfair pre-emption and concentration of credit monopolisation of economic power, cross holdings with industrial groups, etc. which beset the private sector banks prior to nationalisation; (v) freedom of entry in the banking sector may have to be managed carefully and judiciously.

After the issuance of guidelines in 1993, ten private banks have been issued lincences. State-wise and year-wise details are as under :

	Name of the Bank	Name of the State	Date of issue
	1993-94		
1.	UTI Bank Ltd.	Gujarat	28.2.1994
	1994-95		
2.	Indusind Bank Ltd.	Maharashtra	2.4.1994
3.	ICICI Bank Ltd.	Maharashtra	17.5.1994
4.	Global Trust Bank	Andhra Pradesh	6.9.1994
5.	HDFC Bank Ltd.	Maharashtra	5.1.1995
6.	Centurion Bank Ltd.	Goa	13.1.1995
	1995-96		
7.	Bank of Punjab Ltd.	Chandigarh	7.4.1995
8.	Times Bank Ltd.	Haryana	8.6.1995
9.	Development Credit Bank Ltd.	Maharashtra	1.6.1996
10.	IDBI Bank Ltd.	Madhya Pradesh	13.11.1995

(b) Government do not issue licences for setting up of private banks. RBI issues licences for setting up of private banks. RBI has informed that they have not issued licences to any new bank which has been promoted by a company whose name figures in the list of defaulters of banks and financial institutions.

(c) Does not arise.

Raja Chelliah Committee

1259. DR. KRUPASINDHU BHOI : Will the Minister of FINANCE be pleased to state :

(a) the salient features of the recommendations of Raja Chelliah Committee; and

(b) the details of those recommendations which have been implemented so far?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) The broad thrust of the Dr. Raja Chelliah Committee's recommendations is on structural reforms in tax laws which are to be implemented in a phased manner.

(b) A number of recommendations have been implemented during the last five years. These include, in respect of Customs duty, reduction in the peak rate of Customs duty, reduction in the number of duty rates and elimination of large number of end use based exemptions, and, in respect of Income Tax, streamlining of deductions under the direct tax laws, introduction of simplified single-sheet return for non-business tax-payers having income upto Rs. 1,20,000/- and simplification of rules and procedures relating to tax deduction at source.

Incentives for Infrastructural Facilities to Export Zones through States

1260. SHRI NAMDEO DIWATHE : Will the Minister of COMMERCE be pleased to state :

(a) whether the Government propose to provide package of incentives to the State Governments for establishment of export zones and other infrastructure facilities in their respective States;

(b) if so, the details thereof;

(c) whether the Government have received any proposals from the Government of Maharashtra for seeking package of incentives for promotion of their products in international market;

(d) if so, the details thereof; and

(e) the steps taken by the Government in regard to involvement of State Government for promotion of exports?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) and (b). A centrally sponsored Export Promotion Industrial Park (EPIP) Scheme was launched in August 1994 with a view to involving the state Governments in creation of infrastructural facilities for export oriented production. The Scheme envisages creation of one EPIP in every state. The Central Government's grant for EPIP would be 75% of capital expenditure limited to Rs. 10 crores in each case. Land has to be organised by the State Government at their expense. The Central Government has so far approved 18 proposals received from the States of Punjab, Maharashtra, Himachal Pradesh, Rajasthan, Karnataka, Kerala, Haryana, Uttar Pradesh, Tamil Nadu, Andhra Pradesh, Gujarat, Bihar, West Bengal, Orissa, Assam, Meghalaya, Madhya Pradesh and Jammu and Kashmir, which are under various stages of implementation.

Seven Export Processing Zones (EPZ) have been set up by the Centre These are situated in Gujarat, Kerala, Maharashtra, Tamil Nadu, U.P., West Bengal and Andhra Pradesh. The Central Government has recently permitted establishment of Export Processing Zones by the State Governments as well as in the Joint/ private sector.

During 1996-97 the Government launched the 'Crucial Balancing Investment Scheme' (C.B.I. Scheme) which envisages balancing capital investments for relieving bottlenecks in infrastructure for export production and conveyance. Proposals identified for assistance under the scheme including those of State Governments are to be financed by the Ministry of Commerce out of the special funds earmarked for the purpose. A sum of Rs. 25 crores has been earmarked for 1996-97 for the purpose.

(c) and (d). The following three proposals from the Government of Maharashtra have been received for road improvement which are under active consideration of the Ministry under the C.B.I. Scheme :

(i) Widening of Mumbai-Nasik section of National Highway No. 3.

(ii) Rehabilitation of Uran Panvel Road State Highway No. 54.

(iii) Improvement of Nasik to Igatpuri section of National Highway No. 3.

(e) The Centre is seeking participation of States in export promotion by provision of infrastructure, input support, relief from imposts, removal of constraints etc. States are also consulted on matters of specific concern to them. Active involvement of the States is an essential part of export measures. At the suggestion of the Ministry of Commerce, most of the State Governments have set up apex-level organisations under the Chairmanship of the Chief Minister or the Chief Secretary to consider and sort out problems faced by the exporters/importers in the respective States. In each State one State Corporation has been recognised as an Export House in relaxation of the minimum export earnings condition.